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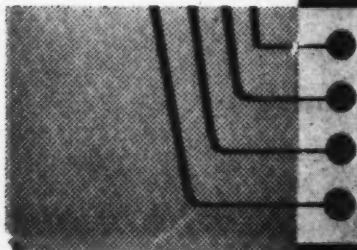
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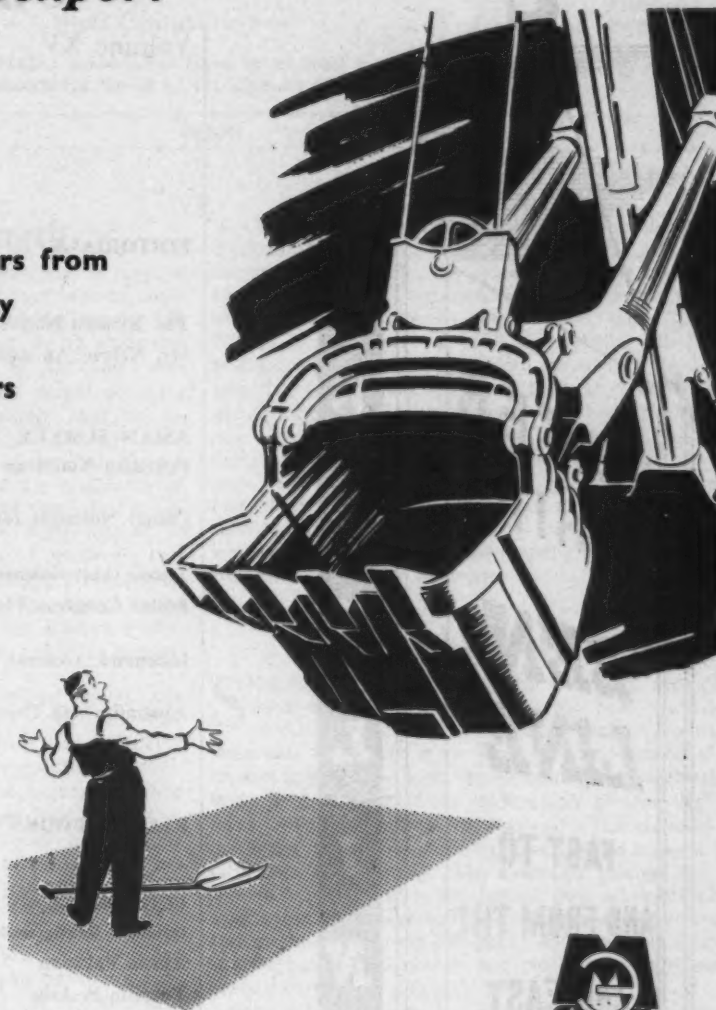
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CONTENTS

Volume XV

Number 8

EDITORIALS

- | | | |
|--------------------------|---------------|----|
| The Ryukyu Islands | E. H. Rawling | 11 |
| Mr. Nehru: An Assessment | B. Krishna | 12 |

ASIAN SURVEY

- | | | |
|--|-----------------------------|----|
| Pakistan: American Policy under Fire in Pakistan | Our Pakistan Correspondent | 14 |
| China: Nostalgia for the Revolutionary Past | Special Correspondent | 15 |
| Japan: Anti-violence Bill Shelved | Stuart Griffin | 15 |
| India: Congress Victory in Orissa | Our Indian Correspondent | 17 |
| Indonesia: General Nasution Visits the UK | An Indonesian Correspondent | 18 |
| Australia: Will There be Some New "Brown Australians"? | Charles Meeking | 20 |

RECENT BOOKS

- | | | |
|-----------------------------|----------------|----|
| ECONOMICS AND TRADE | | |
| Ceylon's Trade and Industry | V. Karunaratne | 24 |
| Aid to Pakistan | | 25 |
| Tourism in Asia | Dev Murarka | 26 |

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Pakistan's strength

ONE of Mr. Lyndon Johnson's exercises in applied democracy during his recent Asian tour, was to invite Ahmed Bashir, a Pakistani camel driver to the US, albeit without his camel. That Mr. Bashir, to his great disappointment, but presumably to the joy of his camel, was dissuaded from following up the invitation, would not have caused any political comment except, perhaps, that the insincerities of western electioneering antics are not fully appreciated in Asia. However, instead of entertaining the humble Bashir, which would have proved the popularity of Mr. Johnson's tour, Washington suddenly felt compelled to ask another Pakistani, this time President Ayub Khan himself, to come for urgent talks as soon as possible. Considering that the President's visit had previously been fixed for November, this precipitate arrangement seems to indicate that America is now beginning to realise that not only Mr. Johnson's tour, but her whole South-East Asian policy may not be as successful as she had fondly imagined up to now.

At the time of writing, the results of President Ayub's talks are not yet known, but whatever their outcome, their importance lies in the conditions under which they are taking place. It is obvious that both the Americans and the Pakistanis have been re-examining their positions. The Americans, while wooing India, have become aware that they might lose their Pakistani ally. For Pakistan has reacted naturally and strongly to some particular aspects of US tactics and though there has not yet been any official change in her foreign policy, there is a very strong undercurrent of resentment against the way she has been treated. As a faithful SEATO and CENTO ally, she has for long been disqualified for large-scale aid from the Soviet bloc, has been put into a compromising position during the U-2 incident, and had to sit by while her big neutralist neighbour has been given even more generous help than she herself has received. The latter fact was the last straw that broke the back of Mr. Bashir's camel, and it started a re-thinking process which will be difficult for America to stem. Pakistanis ask themselves today what good has come from their US alliance: aid they would have obtained in any case, and probably more, as the USSR would be willing to help Pakistan more if it were not a member of anti-Russian military blocs; politically the US has been unable to persuade Mr. Nehru to hold a plebiscite in Kashmir according to UN decisions, nor has the US been conspicuous in influencing Afghanistan to stop her Pakhtunist agitation. It is quite clear that Pakistan will never feel safe before the Kashmir problem is settled, and it was for this reason that she joined the military pacts. Now that, before there has been a solution

to this problem, India is receiving ample aid from the US, Pakistan will have to press for a Kashmir settlement or to increase her military commitments. On the other hand, she may gradually shift her position more towards the so-called neutralist countries where her position would give her the chance of both, more aid and negotiations with India. Last month's oil prospecting agreement signed with the USSR, is a sign that a trend has started in Pakistan which is bound to gather momentum, whatever may have been said in Washington. Pakistan is humming with positive activities rebuilding her economy and she has just shown, in a good budget, how strong she has become. She needs peace and security for her reconstruction, and—as a great country of 94 million people with considerable potential riches—can be counted upon to go her own independent ways eventually, without embarrassing commitments in any quarters.

Berlin in Perspective

SINCE the end of the war the settlement with Germany, now unhappily split into two, has been reserved as the special prerogative of the four occupying powers, who were also the victors in the war. But they cannot be allowed to start another war by failing to agree among themselves over West Berlin. Some of the middle-rank powers, like Canada, India, Australia, and others, also had a fair share in fighting the Hitler set-up, and certainly have a claim to see a peaceful settlement in Germany. The neutralist powers, too, have a special responsibility at the present turn of events since they have come to be accepted as spokesmen of public conscience and morality. The nuclear giants are now able to obliterate a great part of the world, and world opinion is entitled to prevent them from doing so.

Since Khrushchev in the autumn of 1958 first demanded a settlement of the West Berlin question within six months, the possible chances of negotiation, though postponed and frustrated, restrained the Russians from precipitate action of any kind. Since his meeting with Kennedy in Vienna in June, Khrushchev has been pressing for a solution this year. Practically everyone in politics and diplomacy, including the American administration itself, believe the Soviet leader is now in dead earnest. But Washington, befuddled by partly contradictory advice from London, Paris, Bonn and Nato headquarters, is still unable to put forward any counter offer to Moscow.

Washington's bankrupt diplomacy has been a chronic complaint from the other powers. But it still comes as a shock that, face to face with nuclear annihilation, the Western alliance should remain unable to manoeuvre for want of ideas, and

perhaps want of courage. Bonn believes any negotiation with the Soviet Union would be at the cost of the Western position. Washington, London, and Paris by their inertness lend colour to the Bonn interpretation. This attitude of being helplessly dragged to universal doom is having the paradoxical effect of making people believe that both sides are bluffing. When it comes to showdown, neither side would want a war for West Berlin. But taking all the available facts and symptoms into account, it is doubtful whether Washington could stand the strain as well as Moscow, even in a war of nerves. At some point American nerves are likely to snap, whether in a cold sweat or a blind fury. Neither prospect is to be welcomed. It is mistaken kindness for America's friends to refrain from putting on every possible kind of pressure to impel that country to serious, businesslike negotiations with Russia.

The Russians have probably made the mistake of leaving themselves too little room for bargaining by putting forward the most they would concede over West Berlin, i.e. to allow it the status of a free city, such as for instance, the Vatican, with its independence and neutrality guaranteed by the interested powers and perhaps even the United Nations. It is difficult to see how they could agree to less. There have been other suggestions (including one in *The Guardian* not long ago) of a more radical nature, such as transferring those who wished of the population of West Berlin to West Germany, and handing over West Berlin to the East Germans. This would certainly be a clean break.

Understanding and sympathy with both East and West Germans are necessary to solve this problem in a reasonably permanent way. Though German re-unification is not practicable at the moment, whatever solution is reached should leave the road open for this ultimate end. The large-scale re-arming of West Germany, including training in the use of nuclear weapons, is a far greater barrier to it than the surrender of some Western rights in West Berlin.

With Western goodwill, the West Berlin trouble could be settled by a free city status. The rest of the world would not forgive the West for precipitating the war clouds for the sake of Western prestige and strategic ideas of keeping a toehold inside the Soviet sphere.

The Tunku Triumphant

A SCHEME to unify the entire Malayan Peninsula and outlying islands—the Federation of Malaya, Singapore, Sarawak, Brunei and North Borneo, as proposed by Tunku Abdul Rahman, Prime Minister of the Federation, has been eagerly taken up by Britain. The Tunku is also about to finalise another regional international organisation embracing Malaya, Thailand and the Philippines, which will probably be known as ASAS, Association of South-East Asian States. Both plans reveal some quickness of the hand in politics which promises much, but in practice changes very little.

Up to 1946 all the territories involved in these proposals were ruled from Singapore by Britain. The separation was made to reduce the fever for independence that had spread from the Malaya mainland across some seven hundred miles of ocean. But times have changed. No sooner does the Tunku make the suggestion than the British Governors of North Borneo and Sarawak, and the High Commissioner of Brunei, are called to talks in Singapore by the UK High Commissioner in South-East Asia. The speed of this reaction raises the question whose idea it was in the first place—the Tunku's or Macleod's?

Malaya still houses British and Australian troops because, though warfare against Malaya's own Communists has ended, the Tunku still feels threatened by Communists beyond his borders. And the more distant and valuable areas he federates with, the more he will need foreign protection.

The formal entry of ASAS into the international arena is believed to be imminent. Its aims and objects, however, are not yet defined, though it has been two and a half years in gestation, beyond the statement that it will concern itself with the common good of its member countries exclusively in economic and cultural matters. Its absence of concrete purpose is compensated by a bristle of negative disclaimers: it is not influenced by America, its purpose is not to fight Communism (as initially intended), and it will not get involved in SEATO problems such as the internal wars in Vietnam and Laos. Just a pleasant social club, that is all.

Problem China

WHEN a vast country like China sulks or sneezes the rest of the world gets a headache, as both the Soviet Union and the West are finding out. What is the truth about the disagreement between Mao and Khrushchev? What will the US and the UN do about China's admission to the UN? And on a lower level, what is really happening to the people's communes, is there a food shortage, where stands the Sino-Indian frontier dispute? However one looks at it, China looms large on global horizons. Even in a simple case like the sale of Canadian grain to China, the US floundered badly. It was a tactical mistake to try—and indeed they failed—to stop the sale by withholding delivery of the grain pumps Canada had bought from the US.

Last month Isaac Deutscher drew the world's attention to the maladjustments in Sino-Soviet relations by disclosing what appears to be an authentic Soviet document confidentially circulated to a number of Communist parties. This document revealed a considerable hardening of attitudes between the two Communist giants. The Russian party accuses China of going against the 81 Communist parties' decision in Moscow last autumn, and of trying to form anti-Soviet groups among Asian and European Communist parties. In this situation it would be natural to expect that the US would adopt towards the Soviet Union the approach of a serious negotiator on Berlin and disarmament.

The American political commentators' gift of oracular divination appears to have deserted them, and they are unable to throw light on what may be US policy towards China's admission to the UN this September. The State Department doubts whether it will once again be able to muster up a majority to postpone the issue for still another year, as it has for the past ten years, but it continues the search for some manoeuvre to beguile the UN. The Western powers are quick to point an accusing finger at Russia's use of the veto, but no juggling with legality appears to them too mean to keep China out.

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THE RYUKYU ISLANDS

E. H. RAWLINGS

LITTLE is mentioned these days in the Western press of the Ryukyu Islands, yet they occupy one of the most important strategic positions in the Pacific today and are the major United States military base in the Far East, well equipped with nuclear weapons.

Situated between Southern Japan and Taiwan, the Ryukyus consist of sixty-three tiny islands covering an area of 920 square miles with a population of about 867,000. They were completely controlled by the Japanese from 1879 to 1945 when they were liberated by US Forces. Although Japan has residual sovereignty over the islands, the Ryukyus are occupied and governed under provisions of Article 3 in the Japanese Peace Treaty of 1951, which gives the United States the right to exercise all powers of administration, legislation, and jurisdiction over the territory and inhabitants of the islands, including their territorial waters. The territory has never been treated as a United Nations trusteeship because of its importance to US defence requirements.

Therefore, there are two elements of government, seated on Okinawa. The first are the offices of High Commissioner and US Civil Administrator, both of which are filled by American Army Generals. The Ryukyuan people regard this as an occupation government and are deeply resentful about it. The second element is the Government of Ryukyus (GRI), headed by a Ryukyuan chief executive and subject to a twenty-nine-man legislature, which is responsible for the day-to-day internal administration. Since 1957, the United States Civil Administration of the Ryukyu Islands (USCAR) has given increasing economic responsibilities to the GRI.

Such a political organization which can override local autonomy has created several complex problems for the USCAR that cannot be easily solved: the land problem, resulting from the commandeering of about 51,000 acres for the establishment of military installations; a penal code which appears to deny the Ryukyans basic legal rights; over-population; opposition to the US nuclear missile sites; the failure of the US administration to allow popular election of the chief executive of GRI; and the strong political groups wanting the reversion of the islands to Japan.

The land problem has indeed caused resentment for the United States has seized 51,000 acres out of a total of the islands' 60,000 acres of arable land for military purposes, and have built on it houses and swimming pools besides military installations. Both the extreme-left People's Party and the moderate Socialist Masses Party have protested against this as it has displaced more than 50,000 Ryukyuan families since 1946. However, the land problem has recently become less crucial because of the generous compensation paid for land seized for military purposes, while rents for some land have been increased. In 1959, 1,136 acres of requisitioned land were released, and nearly 7,000 acres on military installations were licensed for farming purposes. In 1960, the United States is estimated to have paid £6 million for the military land.

The revision of the Code of Penal Law promulgated in the summer of 1959 has not been wholly acceptable to the Ryukyans, because it imposes severe penalties for crimes against American military personnel, espionage, sedition, sabotage and agitation. The USCAR feels that this provision

is justified owing to Okinawa's strategic importance. Apart from this clause, the proposed revision liberalizes the existing law and deletes certain offences. Still both codes do not make any reference to Japan's residual sovereignty over the islands.

Perhaps the islands' main problem is over-population. Of the 867,000 Ryukyans 750,000 live on Okinawa, where the population density is 1,504 persons per square mile. At present about 50,000 Okinawans, out of a total labour force of 400,000, are employed on US military installations, but the repatriation of some 180,000 Ryukyans since the end of the war has further complicated the unemployment problem. Moreover, as the Ryukyus are not a sovereign State, emigration is only possible if families or relatives residing in a recipient country guarantee a newcomer's support. Between 1948 and 1960, only 11,457 persons have emigrated.

The three major parties in the Ryukyus are the pro-American Liberal Democrats, the moderate Socialist Masses Party and the leftist People's Party. The policy of the two latter parties is to see the Ryukyu Islands become neutral, and even within the Liberal-Democratic Party there are certain factions which protest against the American build-up of a nuclear arsenal in Okinawa. In the general elections of November 13, 1960, the Okinawan Liberal Democrats increased their representation in the legislature from 13 to 22, which showed approval for US policy in the islands. The Socialist Masses Party had its seats reduced from 11 to 5, and the People's Party lost 4 of its 5 seats. But so long as the USCAR retains its control over the appointment of the chief executive, the GRI's political power is relative.

However, all major parties are in agreement concerning the reversion to Japan, and the only difference between them on this issue is when this should take place. Although many Ryukyans want to see a return to Japan, it is not the unanimous wish of the entire population. For instance, the small Nationalist Party, which failed to gain a seat in the general election, wants complete independence for the islands as reversion would mean that the islands would once again become a poor province of Japan.

Despite the political restriction, the Ryukyans have gained economically under the American administration. In 1960 there was a per capita income of £70, which is 53 per cent above the pre-war level; unemployment has been reduced to 1.2 per cent of the labour force; export-import activities have been stimulated with the establishment of a Free Trade Area at Naha port; the local fishing industry is being developed in order to eliminate the need to import annually 40 per cent of its fish requirements; the annual national income is now £55 million. During 1960, £150,000 worth of fresh vegetables were sold to US forces in Okinawa, Guam, Korea, Wake Island and Japan. Under the economic plan for 1961-65 private enterprise is to participate in economic development.

Therefore, even when the Americans finally decide that it is no longer necessary for them to use the Ryukyus as a military base and the Ryukyans can decide their own future, it is highly probable that the islanders will vote to continue their close association with the United States rather than risk joining an already over-populated Japan.

MR. NEHRU: AN ASSESSMENT

B. KRISHNA

TWO major facts have come to be known about Mr. Nehru in recent years: one, to quote Mr. Asoka Mehta, "the magic of his personality, after 10 years in power, has begun to decline," the other, that Mr. Jayaprakash Narayan casually noted in 1959, he has proved the "main road block" in the path towards Socialism in India. These views become significant when expressed by Socialists to whom Mr. Nehru has always played the Godfather.

It is a strange irony of fate that Mr. Nehru, who has cast a much greater spell on his countrymen than any other Congress leader, should begin to decline in popularity on reaching the summit of his political career. The main cause of it lies in his lacking a firm, decisive mind. The origin of such a trait can be traced to his early political upbringing: first, under his father's domineering shadow, and later in Mahatma Gandhi's playing the indulgent mother to him. Such circumstances, however propitious otherwise, left him with no choice of independent action. Many a time he felt annoyed with such fettering influences, and raised his voice in revolt; but in the end he always yielded, as he had neither the heart to break off from Gandhiji, nor the confidence to stand on his own.

Indian unity

The first time Mr. Nehru seemed to have been called upon to face a situation independently was in 1956; the occasion was the implementation of the States Reorganisation Commission's Report. As early as 1948, the Dhar Commission had strongly opposed any linguistic division of the country, as it was bound to hinder the spread of a national language and national consciousness, thus cutting at the very roots of Indian unity. The Congress, however, appointed its own committee of enquiry, comprising Mr. Nehru, Sardar Patel and Mr. Sitaramayya (known as the JVP Committee after the first names of its members). Though it confirmed the fears expressed by the Dhar Commission, unfortunately it left the door open for a further consideration of the problem at a later date.

This was no doubt very unwise, and it became even more so when Mr. Nehru yielded to the creation of Andhra State on the death of its leader, Potti Siriramulu, who had gone on a fast unto death. His death was regrettable, but Mr. Nehru's yielding to pressure augured ill for the future. It exposed him to his great weakness, with the result that other linguistic aspirants became strong in their conviction that Mr. Nehru could be made to yield if faced with mass agitation.

Both the Cabinet and the Congress Working Committee were opposed to a linguistic division of the country. But a mere black flag demonstration made Mr. Nehru tilt in favour of a States Reorganisation Commission. The appointment of such a commission in 1953 no doubt provided him with the respite he wanted, as it put off the evil for some time to come. But the publication of its report in 1955 opened the floodgates of wrangling, mutual hatred and even violence among linguistic minorities. And Mr. Nehru's statement that the Commission's conclusions could be changed made confusion worse.

It was a most deplorable spectacle to see a Hindu killing a Hindu simply because he happened to be either a Gujarati or a Maharashtrian in Bombay or Ahmedabad—the land of Lokmanya Tilak and Mahatma Gandhi, whose noble teachings were thrown to the winds, and instead a linguistic madness possessed people's

mind. Matters might not have reached such extremity if Mr. Nehru had not shown vacillation, as he himself admitted in Parliament: "It might have been much simpler if we had not tried to consult hundreds and thousands of persons in this process and thereby, perhaps, added to the confusion . . . Our difficulty has been that we have tried, too much perhaps, to balance respective viewpoints and tried to find as large a measure of agreement as possible, and naturally in doing so we have often succeeded in displeasing many people."

Vacillating Democrat

Mr. Nehru had rightly sounded the signal, warning his people of the grave consequences that might follow. Strange as it might look, he himself did not heed to it. Because of his towering personality and character beyond reproach, he could have put an end to the rot that had set in in India's national life. But his characteristic indecision and lack of firmness allowed matters to drift. He rather aggravated the situation in Bombay by declaring that after five years the fate of the city could be decided by its people. Such a statement was rightly termed as "extraordinary" by Mr. C. D. Deshmukh. With this, however, began a new linguistic strife, far more dangerous in its implications than the communal warfare that had ultimately led to the country's partition. The British policy of 'Divide-and-Rule' could no longer be held responsible for the new situation; it was largely the product of Mr. Nehru's acting as a weak, vacillating Democrat.

The drift has proved dangerous. Assam and Bengal have awakened most of the Indians to the grim spectacle of the country's disintegration; to the realization that linguistic fanaticism could be a far greater threat to national unity than the communal frenzy of the pre-Independence days. The situation being so bewildering, many even wonder whether India has as yet emerged as a nation. She stands today on the edge of a precipice. Mr. Nehru as the unchallenged leader of his people can either save it from the impending disaster, or allow the drift to follow its course and preside over the dismemberment of the country. The choice is no doubt Mr. Nehru's.

In 1927 Mr. Nehru had first returned from a visit to Russia and was full of new ideas, which ran counter to Gandhiji's. In his youthful exuberance, and in the Mahatma's absence, he made the Madras session of the Congress (1927) pass his resolution changing the basic creed of the party, namely: "The Congress declares the goal of the Indian people to be complete national independence." Gandhiji was most concerned about this move and the first major clash between the two took place, to be followed by many more. Gandhiji discerned dangerous trends in the young revolutionary and wrote to him: ". . . You are going too fast. You should have taken time to think and become acclimatized. Most of the resolutions you framed and got carried could have been delayed for one year. Your plunging into the 'republican army' was a hasty step. But I do not mind these acts of yours so much as I mind your encouraging mischief-makers and hooligans. . . ."

But Gandhiji knew that a mere statement would not be sufficient to curb Mr. Nehru's radical activities. He required to be 'chained' and 'disciplined'. In a letter of July 11, 1928, to Gandhiji, Mr. Motilal Nehru, discussing the election of the next Congress President, wrote: "Now comes the question of the Crown. I am clear that the hero of the hour is Vallabhbhai (Sardar Patel) and the least we can do to appreciate his public services is to offer him the

down." But Gandhi thought differently. To him Sardar Patel was perhaps the nearest at that time; he was one man in the Congress whose success at Bardoli had rekindled hope in Gandhiji's philosophy and given strength to his non-violent struggle. But what concerned Gandhiji most was the future of his party, and not the individuals. Without Mr. Nehru he knew he would not be able to hold the leftists within the Congress fold. He had to 'chain' him, and the only way this could be achieved was by putting the Crown on Mr. Nehru's head, thereby making him feel heavy with responsibility. His action proved a clever, masterly stroke, and achieved the desired result. Mr. Nehru was considerably sobered, and the Left could not possibly consider leaving the Congress party when its Godfather was its boss.

Struggle with the Old Guard

The second major clash occurred in the mid-thirties. The renewed struggle between Mr. Nehru and the Old Guard began with the formation of the Congress Socialist Party in 1934. The struggle centred over the seizure of the party machine of which Sardar Patel happened to be the undisputed boss. As on the previous occasion, Mr. Nehru talked of Socialism rather loudly and in a language which did not please Gandhiji. The Mahatma is reported to have said: "My life work is ruined. Not even the firmness and repression of the British Government have harmed my work as much as the new policy outlined by Pandit Jawaharlal Nehru. Still, in two or three years time, this excitable and enthusiastic young leader will return to me and once again invite me to lead India to freedom." The words proved prophetic.

Mr. Nehru, who had been elected President of the Congress in 1936 in order to soften his Socialistic tendencies and outbursts, faced a big challenge in the resignation of six members of the Working Committee led by such stalwarts as Babu Rajendra Prasad, Sardar Patel and Mr. Rajagopalachari. Mr. Prasad wrote on behalf of his colleagues: "We feel that the preaching and emphasizing of Socialism, particularly at this stage by the President and other Socialist members of the Working Committee while the Congress has not adopted it, is prejudicial to the best interests of the country and to the success of the national struggle for freedom. . . . The effect of your propaganda on the political work immediately before the nation, particularly the programme for election, has been very harmful." Mr. Nehru could not accept the challenge. He had neither the heart to break with Gandhiji, nor the confidence that he could rout the Old Guard and lead the Socialists to victory and power, and continued to hitch his wagon to the Gandhian star.

Mr. Nehru's election as Congress President in 1946 was the Socialists' last hope in an already losing battle. It turned out to be their greatest loss. Mr. Nehru proved once again the "main road block" in their path by preferring to remain faithful to Gandhiji. His choice as Congress President, in preference to Sardar Patel, weakened the Socialists by robbing them of their General, and thereby reducing them to a position from which they could not conduct an onslaught on the Gandhian fortress. This was their

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third defeat, and the failure led them to break with the Congress, leaving Mr. Nehru in isolation—a virtual 'prisoner' in the hands of the Rightists. While Sardar Patel was alive, Mr. Nehru could not have his way. Since his death, he has enjoyed an unchallenged freedom to socialize the country. But his success in the various Socialistic experiments he has undertaken has been only partial, and the machinery to carry them out is still rightist-minded.

Going too fast?

Mr. Nehru today faces a number of crises, both political and economic. In particular, the unpleasant prospect of the country's disintegration stares him grimly in the face. His willingness to abandon the Socialistic Five-Year Plans rather than risk national unity (voiced at the Bhavnagar session of the Congress) is indicative of his mood of defeat and frustration. But if he has failed to achieve the same success as Sardar Patel had in the consolidation of the country, it is very largely due to factors inherent in his complex personality. As early as 1928, when he had just emerged as a front-rank Congress leader and had begun advocating loudly his Socialistic ideas, Gandhiji had given him the fatherly advice that if he wanted to achieve success, he should not go "too fast"; and also, he ought to form "a disciplined party".

Mr. Nehru seems to have followed neither. Even to those decades younger to him in age, he appears to be running at an almost break-neck speed, without caring to look back to see what record he has left behind. There seems to be no retrospective thinking on his part. It is perhaps part of his nature not to think so much of the past as of the future which looks enchantingly rosy; consequently, he seems to prefer to dream of the sweet fruits of cooperative farming rather than of the bitter failure of community development. Nor has Mr. Nehru, as advised by Gandhiji, formed "a disciplined party" of his own, which can faithfully implement his ideas and ideals, intrinsically great and noble. These have proved, or shall prove, to be the two major causes of Mr. Nehru's failure, or partial success, in life.

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AMERICAN POLICY UNDER FIRE IN PAKISTAN

From our Pakistan Correspondent

THERE has been a spate of vitriolic criticism of America's foreign policy in Pakistan. Thirteen years of hushed criticisms, suppressed feelings, and official silence have suddenly emerged. In one concentrated spell, Pakistanis have lashed the bitterest attack on America. The Government, press and individuals have expressed in no uncertain terms their deep concern and displeasure about the recent change in American policy. For the first time, it is felt here, that if the Americans continue to take Pakistan for granted a rupture in the alliance is a strong possibility.

The election of Kennedy as President of the United States marked the beginning of uneasiness in Pakistan. The reappraisal of American policy towards neutralism entailed a shift in her relations with Pakistan, all the more resented since Pakistan had remained a loyal ally of America through the worst periods of Dulles brinkmanship. The U-2 incident even brought threats of rocket destruction to Pakistan from the Russians, because Pakistan remained steadfast to the commitments of her ally, and her policy of nailing her fortunes to the

American mast from the inception of her existence: communitarianism. Pakistan the loss of economic gains from the Communist world. The neutralists showed no such pangs of conscience or loyalty, and merely took full advantage of the cold war situation seeking aid from the most convenient sources available. And thus successfully milked both East and West.

As a reward for this loyalty, the Americans give handsome aid to India, and brush Pakistan off with a mere pittance. The Consortium has promised aid to India to the tune of 2,280 million dollars for the first two years of India's Third Five-Year Plan, and considered Pakistan's requirements to be worth only 320 million dollars for the second year of her Second Five-Year Plan (see p. 25).

This discrimination has naturally caused deep resentment in Pakistan. To Pakistanis this discrimination is incomprehensible since Pakistan's economic problems are as great and pressing as that of India's and she too has embarked on an economic programme to increase the standard of living of her people.

The sharpest criticism of American policy was formulated when the US Representative asked the Government of Pakistan whether they had used American arms to repel Afghan tribesmen who had violated the territorial integrity of Pakistan. Such an inquiry questioned the right of Pakistan to defend her own country when attacked by a foreign power and was met with anger and fury in Pakistan. The inquiry seemed to imply firstly that Pakistan could not use American arms without prior sanction of the American Government, even to defend her own country, and secondly, that the Americans decide when the arms must be used and against whom. In other words, the Mutual Security Treaty would mean that Pakistan must use the weapons supplied under the Treaty only when American interests are directly or indirectly threatened. And that Pakistan must defend American property, lives and sphere of influence, but must not react to safeguard her own security or interests. To Pakistanis this reasoning is most absurd and questions the sincerity of American intentions and policy. If such is the meaning of a Mutual Security Alliance, and if such is the American intention behind the aid without strings, then it makes utter nonsense of the terms mutual and security.

The heavy handed and tactless American inquiry had certainly touched the Pakistanis to the quick, and the reaction was a blistering criticism of America. Even President Ayub's remark "The US should be mindful of the fact that if our territory was violated, we should spend our time dealing with the enemy rather than putting American weapons in cotton wool" shows that the whole nation is frustrated, exasperated, and critical of America's recent change of attitude.

The fact, that President Ayub's state visit to United States, scheduled for November had to be brought forward, reveals the urgency to dispel any misunderstanding and save the relations from further deteriorating.

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China

Nostalgia for the Revolutionary Past

From a Special Correspondent

President Sukarno of Indonesia was the prominent personality to visit China recently. The occasion was taken to affirm Chinese belief in the five principles of co-existence. But at the same time he was reminded of the perfidy of the Americans. Indeed, a few days after his departure Liu Shao-Chi formulated a new explanation of American policies, saying at a rally, marking the 40th anniversary of the founding of the Communist Party of China, "Since the Kennedy administration took office, it has done its utmost to push a counter-revolutionary policy of 'Two Tactics'; on the one hand it is cunningly using 'peace' tactics and on the other it is intensifying its policy of war. The people of all countries engaged in struggle understand that Kennedy is more dangerous than Eisenhower."

Beset by troubles on the agricultural front and the threat of a near famine, the Anniversary has provided a good opportunity to look back to the glorious days of the revolutionary struggle. The press is full of features about the Ching Kang mountainous area, described as the cradle of Chinese revolution. It is proposed to turn the whole area into a museum of the revolution and a health resort. A great deal of attention is directed at preserving places associated with the name of Mao-Tse-tung. The simple and hard life led by revolutionary cadres comes in for specific mention.

The anniversary has been used to clarify some of the ideological and political issues. In the important speech mentioned above, Liu Shao-Chi, asserted the correctness of the People's Communes and even of the Big Leap Forward. He admitted that there have been shortcomings and mistakes, shortcomings mainly due to the serious natural calamities during the last two years. Liu Shao-Chi also mentioned the intellectuals and their importance. Reviving the old slogan, 'A hundred flowers blossom and a hundred schools of thought contend,' he emphasised that this policy will be to continue to enlarge the ranks of intellectuals. However mention was not made of the "Meetings of Immortals" (system based on what is termed as "3-Self") where the participants are asked to raise problems themselves, analyse them and solve them by them-

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selves. The method is said to have met with great success.

Whatever the differences between Russia and China on the ideological questions, the Chinese are giving full support to Mr. Khrushchev on the question of Berlin and Germany, and there is no outward manifestation in China about differences with Russia.

Japan

Anti-violence Bill Shelved

From Stuart Griffin, Tokyo

The shelving of the Political Violence Prevention Bill was brought about more by the factionalism and ineptness of the sponsoring Liberal-Democratic and Democratic Socialist parties than by the strength of the opposing Socialists, or even the noisy street demonstrations.

Liberal-Democrats are now, belatedly, the first to admit that they, not the Socialists, did the bill to death. They also realize, in another bout of Monday-morning second-guessing, that given triumph in the first real test by the Socialists of the "low-posture" Ikeda administration, the renovationist party will not be so content just to crow over its victory alone but will use it to compromise and hamstring the conservative regime at every possible future opportunity. There is now every certain prospect of continued successful Socialist obstruction.

Neutral observers are unanimously agreed that Premier Ikeda, then on the eve of his visit to the United States, lacked a consistent policy in the handling of this thorny bill and effective intra-party control as should have extended between the two chambers, Lower and Upper.

It seems certain that Mr. Ikeda was loathe, all along, to risk his prestige and popularity, especially on the eve of the all-important departure for Washington on any issue of explosive internal security legislation, but if this were the case, the fact that the Political Violence Bill was allowed to be pushed

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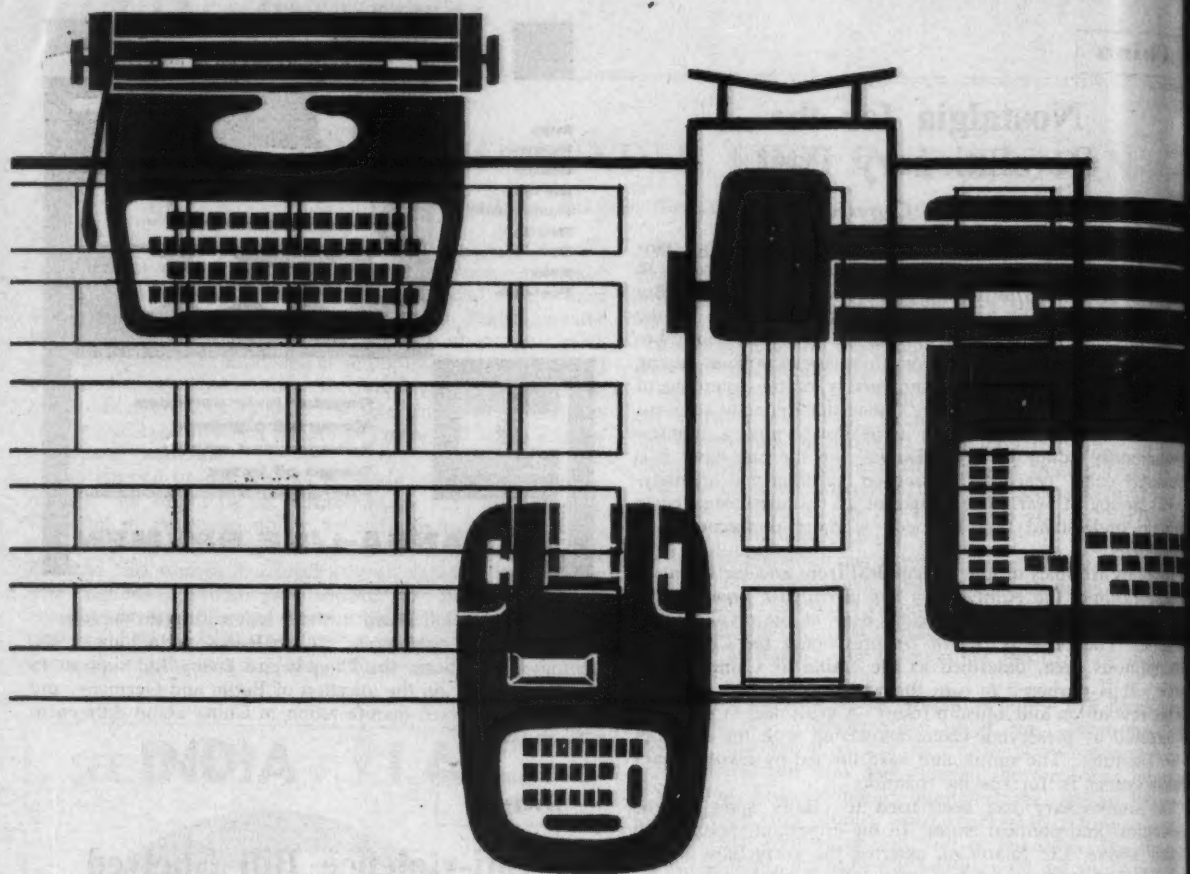
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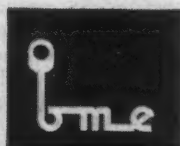


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ward as much as it was, in the Lower House, is forlorn indication that the Premier was not master in his own shop and could not control the desires of his subordinate fellow Liberal-Democrats, let alone the opposing Socialists.

Worse, it is felt that Mr. Ikeda blundered badly—the first blunder of his nine months tenure in office—in letting such a bill be worked out in party circles. The original bill aimed at curbing rightist violence, in the wake of the Asanuma assassination particularly, would have run into no grave trouble. But Mr. Ikeda, by allowing himself to be cozened by those party brains who thought the time now ripe for dealing a blow also at the Left and accordingly enlarged the scope of the original measure, made a mistake, as fatal as it was foolish.

This was a leftist victory as welcome as it had been unexpected, for up to now the Socialist Party was in the toils. The party had suffered twin setbacks on a brace of defence measures and opposition, inter-party, was seething, the rank and file openly criticizing the beleaguered leadership, until the conservatives booted the ball so royally.

The Democratic Socialists shared the licking the Liberal-Democrats took. They had sided with the conservatives so enthusiastically in promoting the Bill, seeing an opportunity to publicize its potentiality as a moderate parliamentary group, one that constituted the so-called "constructive opposition."

The latest political furore, embarrassing to the outgoing Premier whose sought-for stance as Prime Minister of a politically stable nation was pushed about by head-cracking, charging police lines, and street demonstrations, that recall to the watching world the bloody events of a year ago on the same Diet Hill, in the same Diet chambers showed three truths afresh:

that the leftwing forces are indeed strongly entrenched; that conservative attempts to dislodge this strength and curb the new-won privileges will be met, effectively in all probability, with great resistance, and that a new Socialist strategy has doubtless been forged from the unseemly legislative fights over the shelved Anti-Violence Bill.

This strategy seems to have at least two prongs, one of which is the vociferous activity of Socialist legislators in the National Diet; the other, what ex-Premier Nobusuke Kishi once heard of as "the voice of the voiceless of the streets", the mobs that seem increasingly to have found their voices. The latter are the easily rallied leftist demonstrators, available on call to mount rallies and demonstrations, to stage sitdowns and strikes.

India

Congress Victory in Orissa

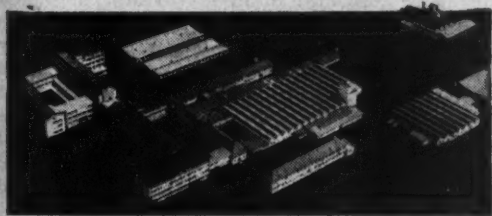
From our Indian Correspondent

Somewhat to its own surprise, the Congress party has won the mid-term elections in Orissa. The achievement should not be underestimated. Since independence Orissa has suffered from unstable administration. Although the largest group in the Assembly, the Congress party never had a clear majority. Before the latest elections the government was formed by a coalition between the Congress and Gantantra Parishad. The Parishad was composed of extremely reactionary feudal elements and association between the two parties had the most demoralising effect on the Congress. It lost all sense of political direction and reform. It was even feared that it would lose the election outright to the Parishad.

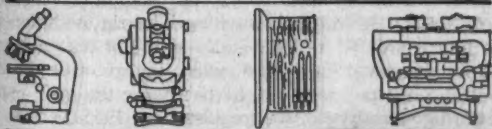
Instead, the Congress has gained 82 seats out of a total of 140 seats in the Assembly. This is all the more impressive considering the split in the party just before the elections. As a result many well-known ex-Congressmen fought as independent candidates. What happened has significance for the party as a whole in the coming general elections next February. The new leader of the Congress Party, forty-five-year-old Bijoyananda Patnaik, fought a hard and straight campaign, and made a frontal attack on the reactionary nature of the Parishad. He promised also radical policies from the Congress platform. His enthusiasm caught on and brought youth and student elements to the aid of the Congress campaign, for the first time in many years. The lesson from all this is obvious enough. If the Congress wants to survive, it will have to produce and implement a radical economic programme and retire the old and the corrupt who maintain a stranglehold on the party. As the Orissa elections have proved, properly approached, the Congress can still rally a great deal of support from the masses. The question is, will the party learn its lesson?

A long-standing grievance of social reformers was met recently when the Parliament passed the Dowry Prohibition Act effective from July. The practice of dowry is as old as the marriage custom. But in India it became a social curse of first degree. As a condition of marriage, people began to demand gifts in cash, property or other forms of cash such as shares or expenses for the higher education of the bridegroom. The demand had no relation to the ability of the bride's parents to pay. It was the price considered suitable for their son by his

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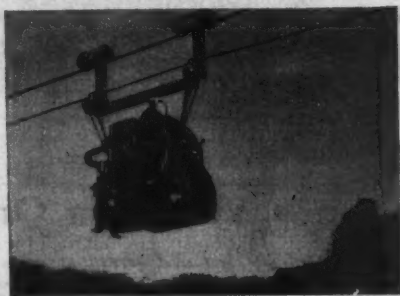
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parents. In many cases, where the girl's parent cannot pay the price demanded of them, the girls are condemned to remain unmarried or commit suicide out of shame. The new act will make any demand of dowry illegal. Doubts, however, are already being expressed about the efficacy of the act. In practice the law will be difficult to enforce because no father will expose his daughter to the risk of remaining unmarried, if he can somehow or other manage the dowry in secret. In a social system, where marriage is an integral part of life, and social pressures enormous, the law will be quietly ignored, as has happened to other measures of social reform in India. The real solution of the problem will come about when the semi-feudalistic structure of the Indian society is replaced by a modern one. Till this happens, social legislation will remain in the realm of intentions more than reality.

A quiet controversy is going on in New Delhi about the proposed steel plant in Bokaro, the fourth one of India's new steel plants. The Americans have let it be known that they are anxious to build it. The opposition comes from the Indian government circles who claim that time has come for the

Indian steelmen to design and erect a plant themselves. It is essential if future development of steel in India is not to be so dependent on foreign aid. It is also being pointed out that the Heavy Machinery plant at Ranchi in Bihar, near Bokaro, will go into production by the middle of the current five-year plan period. As such it would be possible to fabricate most pieces of machinery for the steel plant in India itself. Whatever the final decision is about the building of the plant, the work on the new township in Bokaro has already begun.

The Communist Party National Council met in Bangalore recently. An attempt was made to begin repairing the damage done by the annual Congress in Vijayawada. General Secretary Ajoy Ghosh had some success in winning over members to the view that ideological in-fighting should be postponed till after the next elections, in which the party fears a setback. In the Orissa elections the Communist share of total votes was reduced and they also lost more than half of their seats. He also won over the delegates to the view that the Communist election manifesto should not be an anti-Congress plank but based on the political line of the Communists in general. His hands were strengthened by the election of an executive in which right and left of the party are nicely balanced and in which he will often have the decisive vote.

Indonesia

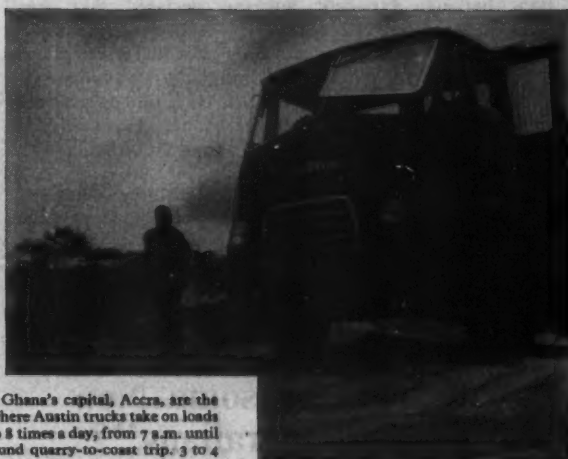
General Nasution Visits the UK

From an Indonesian Correspondent

The Indonesian Minister of National Security, General Nasution, visited Britain from July 3 to 8 at the invitation of the British Government, after a series of visits to European capitals which reflected his country's policy of non-alignment. In Moscow he concluded an arms agreement; at Dusseldorf he announced the purchase of \$30 million of military equipment from West Germany; and earlier in Belgrade an agreement on credits for Yugoslav arms and military technical cooperation was signed. In London General Nasution had talks with the Prime Minister, Mr. Macmillan, the Foreign Secretary, Lord Home, and the Minister of Defence, Mr. Watkinson, on the peaceful solution of the West Irian problem and on the forthcoming conference of uncommitted countries at Bled in September, of which Indonesia is one of the sponsors. A meeting with the British Chiefs of Staff and MPs of both parties was arranged, and a luncheon given by the Minister of Defence at Lancaster House. Just before flying to Cairo General Nasution gave a press conference at Grosvenor House and was interviewed by BBC Television.

General Nasution, who is 42, has had a distinguished military career. He fought as a senior officer in the Indonesian Revolution from 1945 to 1949 and was one of the builders of the national army. Since 1958, when the abortive rebellion in Central Sumatra broke out, he has borne the main burden of restoring security to the regions. In 1955 he was re-appointed Army Chief of Staff after having been non-active for the previous two years, and in 1959 was appointed Minister of Defence and National Security.

President Sukarno's successful visit to Peking took place on June 13-14 (the last time he visited China was in 1956). He had very friendly talks with the Chinese party leader Mao Tse-tung, and the Prime Minister, Chou En-lai. At



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a state banquet President Sukarno declared that small disputes between the two countries such as those arising from the question of the overseas Chinese would never prevent them from remaining close allies. In a joint *communiqué* the two countries pledged full support for each other's claims to West Irian and Taiwan. Finally the Chinese Head of State, Liu Shao-chi, accepted an invitation to visit Indonesia at a date to be arranged.

The President had flown to Peking from Moscow, where he had further fruitful talks with Mr. Khrushchev and Soviet officials on Indonesian-Soviet economic and technical cooperation.

Australia

Will there be some New "Brown Australians"?

From Charles Meeking, Canberra

Does the Australian Government expect the present restrictions on the permanent entry of coloured migrants to be removed by the end of the century, and if so, what does this imply for the future of the native peoples of eastern New Guinea, now advancing towards self-government under Australian tutelage?

The question is not an academic one. It has been raised publicly by the offer to permit the inhabitants of Nauru, now numbering about 2,500, to make their homes in Australia when

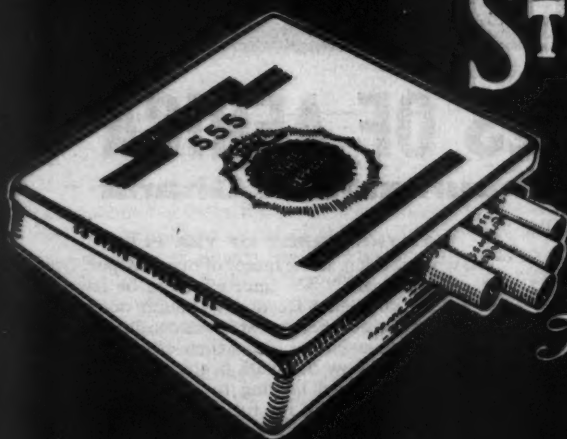
the phosphate deposits of their small equatorial island are worked out in about 35 years' time.

It appears that the Nauruans, who now enjoy the highest living standards of any Polynesian community, are grateful for the citizenship rights and other benefits offered by Australia, but are unlikely to accept, preferring the possibility that another suitable island home will be found for them, to allow them to preserve their community. They may not be impressed with the Russian criticism that the Australian offer implied the liquidation of the Nauruan people, but that criticism was possibly true in fact. The official Australian policy towards the continent's own aboriginal people is for "assimilation", and this may well mean the disappearance of the aboriginal races within measurable time.

The wider aspect is that the offer undoubtedly breached the so-called "White Australia" policy, and thus posed the problem of the permanent entry of coloured migrants.

The view in Canberra however is that this case was a special one only indicating that the immigration policy is not based on racial intolerance. But there is no clear indication of what the Government proposes when the native peoples of New Guinea (in the Australian and mandated territory end) do reach the stage of self-determination. Will they be offered statehood and full Australian citizenship as one choice, and if so, would this involve complete relaxation of the ban on the entry as citizens of coloured persons from elsewhere? Some whites in New Guinea have expressed the view that this offer should be made to the New Guinea people.

The Government's view, but not its policy, was expressed recently at the UN Trusteeship Council. Replying to a Russian



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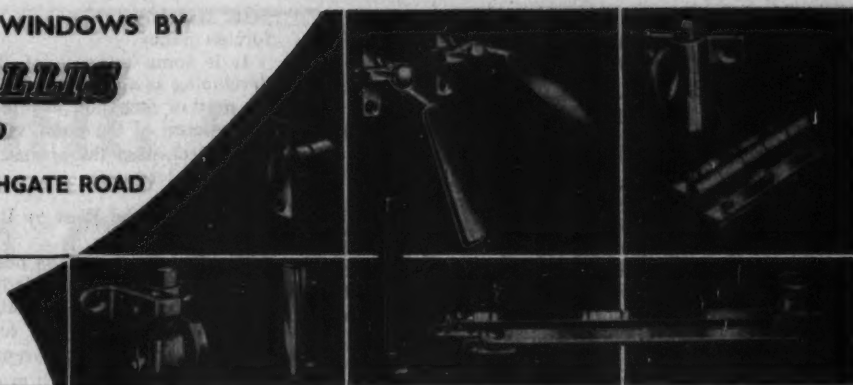
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charge that New Guinea wealth was being exploited by foreign monopolies, and that Australian actions showed that the administering authority was "following its own colonial policies in opposition to the terms of the UN Charter," the Australian representative said that "the ever-accelerating rate of orderly progress should not now be shattered by violent theoretical forays developed outside New Guinea, whether in Australia itself or elsewhere in the world, in the name of, but not through the voice of the indigenous people themselves".

Many other Australian problems are currently prominent as the Government is presenting the budget, including the perennial one of development of northern Australia. The "empty north" is the phrase used by the politicians and others to alert Australians to the believed dangers of under-development of an area which is largely arid (although lying in the tropics), but has areas of great agricultural potential as well as fine beef-cattle raising districts and large resources of minerals, possibly including oil. Almost half of Australia lies north of the Tropic of Capricorn, but only about 150,000 Australians live there out of a population of 10½ million.

There has been a lively denial of stories that the Liberal and Country party sectors of the Menzies coalition Government are divided on Britain's possible entry into the European Common Market. Leader of the Country Party, the Minister for Trade, Mr. John McEwen, has agreed that the Government feels concern at the possible effects on Australian wheat, meat and dairy produce production, while realising the political and industrial advantages of greater cohesion in western Europe.

External problems are still overshadowed by Laos and West Irian, although there is no disposition to discount the dangers of the Berlin and German situation. There has been little official discussion of these matters, largely because the Minister for External Affairs has been travelling round Australia, in his other capacity as Prime Minister, addressing political rallies as part of the election year programme.

It is a pity that Mr. Menzies has not found time to give some lead on the Government's view of such potentially-crucial subjects as the possible extension of the Malayan Federation to Brunei, North Borneo and Sarawak, the move in the Philippines for a South-East Asian agreement for preferential trade, or the Canadian suggestion for a Pacific Common Market. He is, perhaps, too engrossed with the tentative relaxing of the internal credit squeeze and the rising amount of unemployment, although it is believed that the peak of unemployment will be reached this month, followed by expected great improvement.

There has been no official discussion of the moves made in Holland to persuade the obstinate Dutch Government (backed by an equally obstinate Australian Government) into discussions with Indonesia over West Irian. There is no sign whatever that Australia is prepared to promote such discussions itself, perhaps because Canberra has always been aware that the Indonesian prerequisite for such talks is agreement that sovereignty will eventually be ceded by the Dutch.

In the meantime, with the pressures continuing in Laos, the defence policies seem apt for review. The support in Pakistan for withdrawal from SEATO and an officially-expressed view in the Philippines that Britain and France should be excluded from that organisation, and a new one formed by Australia are matters of first-class significance for Australia. There are hints, also, that Thailand may soon decide to join the neutral bloc. These prospects are sufficiently disturbing for observers of events, and surely justify greater public attention than the Government has been prepared so far to accord them.

There may be some comfort for some people in the fact that the United States is to spend four million dollars in sharing with Australia at Woomera the development of a new and secret weapon which Defence Minister Athol Townley describes as "very good", and that Australia may soon buy another 100 or 120 Mirage fighters from France. Yet even in the air force field it is being claimed that the new jets being bought by Indonesia from Russia could outfly Mirages.

All in all, there is little reason for the complacency with which the average Australian still surveys affairs in his own country and the world, in spite of the rather chilly credit freeze and the increasing heat of pressures in Asia and elsewhere.

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Recent Books

Developments in Pakistan Economy Since the Revolution
by ANWAR IQBAL QURESHI (Nabeel Publishing House,
Karachi, Rs. 5)

This book consists of a series of essays ranging over a very wide field of Pakistani economic life, from the necessity to eradicate corruption in high places to methods of reducing the price of fish. The essays have all appeared in print before, and no attempt has been made to edit the material and link it together or to add cohesion to the whole. Not all are of the same value: some are trite and the rest are descriptive rather than analytical.

The complete absence of statistical material, whereby one could assess the value of the statements, makes the work unsuitable to the student or to the administrator, though no doubt a sufficiently large lay public exists who would gain a background to the economic scene by reading the book.

Ceylon: Dilemmas of a New Nation by W. HOWARD WRIGGINS (Princeton University Press; London: Oxford University Press, 80s.)

The head of the Foreign Affairs Division of the Library of the US Congress has produced a scholarly and interesting survey of Ceylon and her position in the world at the present time.

The opening of the book is devoted to a history of the island which provides a background against which the present state of Ceylon must be considered. Ceylon has unusually complex problems for a small country, the population being divided according to race, caste, religion and language. Mr. Wriggins has made it easier for an outsider to understand the origins and history of the many peoples who go to make up the nation of Ceylon.

The progress made by Ceylon since independence is discussed, but the book is more concerned to reveal facts and problems than to offer solutions. Many of the problems Ceylon has had, and still has to face are not without relevance to other countries that have achieved independence in recent times. Mr. Wriggins devotes considerable attention to the vital 1956 General Election, and also provides an enlightening chapter on the numerous parties which make up the Ceylonese political scene. Ceylon's economic structure and development gets a chapter to itself: and the whole of the third part of the

book is devoted to a very full consideration of the island's foreign policy.

It is some measure of the speed with which Ceylon is developing as an influence in the world, that one feels already the need of a chapter to bring events up to date. This implies no criticism of the book, which as a comprehensive study of the subject, is of the greatest interest to both the student and the general reader.

Too Long in the West by BALACHANDRA RAJAN (Heinemann, 16s.)

Mr. Rajan's story tells how Nalini, a beautiful and somewhat emancipated young lady, returns from her western-style education in the United States to find that her parents have advertised for a husband for her. Matters are complicated by the fact that her parents are staying at their summer residence, a village which prides itself on being "off the map", and where her father likes to play the part of *grand seigneur* to the local peasants. Only four suitors brave the torrential rain which falls constantly on Mudalur and the story revolves around Nalini and her choice of husband and the adventures of the suitors themselves.

Mr. Rajan, however, has not quite made up his mind whether he is writing satire or comedy; as a result, his touch is not always sure and one is left in doubt as to just how funny he means to be. Mr. Rajan writes well about America, and Ernest, the intrepid American with his jeep, his camera and his drums of DDT, is not just an Indian idea of a comic American; if anything, some of the Indian characters are more in the vein of caricature. Nevertheless, the delightful Nalini and her suitors make a most amusing and readable novel.

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Economics and Trade

CEYLON'S TRADE AND INDUSTRY

V. Karunaratne

THERE have been many conflicting trends in the structure of Ceylon's foreign trade during 1960. The heavy expansion in the field of domestic exports and slight contraction in the value of total imports with a slight drop in the re-export figures brought about a lower deficit trade balance of Rs. 110.1 million for the first nine months of that year compared with a deficit of Rs. 250.4 million for the same period last year. The total value of imports declined from Rs. 1,522.1 million last year to Rs. 1,503.8 million for the same period this year. Contrary to the declining trends in the total value of imports, there has been a remarkable expansion in the value of domestic exports of the island which increased from Rs. 1,225.9 million last year to Rs. 1,349.4 million for the same period this year. The increase in the domestic exports amounting to Rs. 123.5 million is an expansion of 10.1 per cent over last year's figures. The re-export figures showed a slight decline of Rs. 1.5 million amounting to an increase of 9.6 per cent. Comparative values of total export figures are Rs. 1,271.7 million for last year and Rs. 1,393.7 million for the same period this year. Although the deficit balance of trade for the first 9 months of this year remained at Rs. 110.1 million compared with a record deficit of Rs. 250.4 million for the same period last year, yet the chances are that this year too there may be a heavy accumulation of a deficit trade balance, perhaps, not to the degree that was recorded last year.

Structural changes

There have been many changes in the structure of the country's imports. The value of imports of dairy products, eggs and honey increased by about Rs. 3.2 million. The share of this group of items also improved from 3.4 per cent to 3.6 per cent. A sharp increase in the importation of fish and fish preparations is to be noted, whose value grew from Rs. 66.4 million last year to Rs. 77.3 million this year—that is an increase of 16.2 per cent. The share of these imports out of the total figures of imports also increased from 4.4 per cent to 5.2 per cent.

Contrary to the general upward trend in the importation of rice during the early part of this year, there has been a sharp drop during the last few months, declining from 8.8 million cwts. last year to 8.3 million cwts. this year, that is a drop of 5.8 per cent.

In terms of value the rice imports fell from Rs. 219.5 million last year to Rs. 192.7 million this year, namely a 12.2 per cent decrease due also to the fall in the c.i.f. prices of rice. The c.i.f. price of rice dropped from Rs. 24.81 cents per cwt. last year to Rs. 23.19 cents per cwt. this year, amounting to a drop of 6.8 per cent. The share of rice imports out of the total value of imports also declined from 14.4 per cent last year to 12.8 per cent this year.

The value of imports of fruits and vegetables increased from Rs. 65.6 million to Rs. 77.6 million, i.e. an increase of 18.3 per cent. The share of imports of this group of items also increased from 4.3 per cent to 5.2 per cent. As for the imports of sugar they increased considerably in quantity and value from 2.4 million cwts. last year to 2.8 million cwts. this year. The imports of beverages and tobacco registered an increase of Rs. 2 million in value, that is an increase of 12 per cent.

Ceylon's exports to the United Kingdom dropped slightly from 28.5 per cent last year to 28.3 per cent this year. In the case of the USA, the share of exports increased from 9.5 per cent to 9.7 per cent. The same trend was registered in the case of Australia and Japan, but there has been a slight decline in the exports to the Federal Republic of Germany, Canada, India, Italy, Netherlands, New Zealand, Egypt and France. Ceylon's exports to China increased considerably from 4.3 per cent to 6.8 per cent.

In the case of imports, there has been a sharp decline in the value of imports from the United Kingdom, from 23.4 per cent last year to 21.8 per cent this year, and a small increase in the imports from India, from 11.6 per cent to 12.8 per cent. The same trend was reflected in the case of Japan, Burma, Australia, Germany, Iran, France, Pakistan and Italy. On the contrary Ceylon's imports from China dropped from 7.5 per cent to 7 per cent. In the case of the USA Ceylon's imports dropped heavily—from 6.1 per cent to 3.4 per cent, and a slight decline in the imports from Belgium was registered as well.

Period of transition

Present difficulties and problems must not foster the idea that economic development in Ceylon should be postponed for better times. Such a frame of mind would be disastrous. The rapid population growth in the country will increase the number of people entering the labour force by an estimated 1.3 million by 1968. In this context, population control measures are necessary and will be effective in the long run, but for the next ten years such a policy is not sufficient.

Employment opportunities will have to be found to meet this need, otherwise the country will sooner or later face a very explosive situation. The next few years are only a breathing space which must be utilized to push through development programmes. Rapid economic expansion on all fronts is absolutely vital, notably in foreign trade.

However, Ceylon's industrialisation cannot follow the pattern of development of big countries with heavy capital goods industries. Ceylon needs to import these from abroad, and for this she will need to export plantation crops and save foreign exchange by producing consumer goods locally. The Ten-Year Plan was framed in the context of these problems and shows that the traditional agricultural sectors of the economy are capable of further expansion.

But there are definite limits to this process. Industrialisation is, therefore, of vital importance as an element in Ceylon's pattern

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of development. The Ten-Year Plan should be an instrument for the breakthrough into rapid growth.

But before this takes place, Ceylon must overcome some of her transitional problems. Like most underdeveloped countries she is experiencing a period of transition between the winning of independence and the commencement of the drive to rapid economic growth.

During this period social changes take place which in some cases assist development, but in other ways hinder it. Throughout the country, and, in particular in the rural areas, new classes and groups emerge which replace the influence and authority of the older groups.

Essentially this is a progressive factor which should help to foster new attitudes and a new outlook but it can also have negative aspects. These new groups are not created in the image of the Western educated. They arise in a different cultural milieu where traditional values are more deeply engrained. This is in itself a good thing but, in a multi-racial and in a multi-religious plural society, can result in clashes and conflicts which handicap economic developments.

These conflicts are sharpened in the context of the economy which is not expanding fast and exert, therefore, a vicious circle effect. There is a real danger that if the transitional period is too long drawn out, the deterioration of the economy in the meantime will create overwhelming problems.

In that situation drastic and distasteful remedies would have to be adopted which no one will desire to see. A kind of 'popular stagnation' where objects other than development divert the energies of the country from the task ahead must be avoided. Therefore, there is a great responsibility on the part of the national leadership to give top priority for economic development.

This must become a natural, rather a national endeavour and, at the same time, it is necessary to evolve new institutional forms which bring about a diffusion of economic power. Unless the new groups that are emerging are given a sense of belonging in the

future economic system, there cannot be a stable relationship between the distribution of political and economic power.

This is a challenge that is particularly important in rural areas. It is here, most of all, that the new leadership must be mobilised.

AID TO PAKISTAN

THE Consortium of Governments and Institutions interested in development assistance to Pakistan met in Washington last June to discuss further aid for Pakistan during the Second Five-Year Plan, which began on July 1, 1960.

The meeting was attended by representatives of the Governments of Canada, West Germany, Japan, the United Kingdom and the United States and by representatives of the International Bank for Reconstruction and Development and the International Development Association. France joined the Consortium as a member during the meeting. The International Monetary Fund and the Governments of Denmark, Norway and Sweden sent observers.

Aid has already been committed for the Plan by members of the Consortium in the amount of about \$230 million. At the June meeting the members undertook to make additional funds available for commitment during the second year of the Plan, which began on July 1, 1961, amounting to \$320 million. These combined commitments of \$550 million should enable Pakistan to pay for essential imports required to maintain the economy during the coming year and to sustain the momentum of development.

The Consortium agreed to hold a further meeting later next year to consider Pakistan's revised development programme and to decide on the extent and nature of assistance from the Consortium for the second and third years of the Plan taken together.

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Participants in the meeting indicated their willingness to enter into the following commitments for additional aid during 1961/62, subject as appropriate to legislative action or authorization:

	Additional Commitments	Already Committed	Total
Canada	18.0	19.8	37.8
France	10.0	—	10.0
Germany	25.0	37.5	62.5
Japan	20.0	20.0	40.0
United Kingdom	19.6	22.4	42.0
United States	150.0	129.6	279.6
World Bank and IDA ...	77.4	—	77.4
	320.0	229.3	549.3

(All figures in million \$)

In addition to the above commitments, the United States has already undertaken to assist Pakistan's Second Plan by making

available surplus commodities in the amount of \$101 million; an agreement for a further amount of assistance in this category is currently being discussed by the two Governments. Pakistan is also receiving grants of wheat from Canada.

Disbursements of aid under the commitments indicated at the meeting, together with the substantial carry-over of aid committed earlier by members of the Consortium, will cover the estimated deficit in the balance of payments for 1961/62.

In deciding the form and the terms of the new aid to be extended to Pakistan, members of the Consortium undertook to give special consideration to the need to add as little as possible to Pakistan's repayment obligations in foreign exchange.

The Consortium reaffirmed the continuing interest of its members in Pakistan's economic development and agreed that, in addition to another meeting in 1961/62, it would meet again from time to time to review the progress of the Second Plan and to consider Pakistan's financial requirements for the Plan.

TOURISM IN ASIA

DEV MURARKA

UNTIL a few years ago hardly any country in Asia was aware of the need for tourism. Growing economic needs however have forced them to look for new means and a belated discovery has been made that tourism can pay. In the case of small countries it may even play a significant economic role. To promote the whole concept of tourism 1961 has thus been made the 'Visit the Orient Year'.

Traditionally the so-called tourist countries are located in Western Europe and on the Mediterranean. In 1958 foreign travel contributed over \$5,000 million to foreign exchange, constituting five per cent of the total international trade for the year. The bulk of this amount was received by the West European countries, the Mediterranean, and both parts of The Americas. The share of Asia and Oceania was incredibly small, and Asian travellers were spending more money outside than was brought in by tourists.

However, times are changing and Asian countries are attracting more and more visitors. India, for example, who in 1951 lost Rs. 173 millions by promoting tourism has now turned it into a surplus. Japan too is getting huge profits from tourism. The number of visitors to India increased from 28,000 in 1953 to 92,000 in 1958, and continues to increase. Nevertheless tourism does not make the significant contribution to the economy of the Asian countries in the way it does to Western Europe. In 1958 expenditures by foreign travellers accounted for the surplus in the United Kingdom's balance of payments. In France tourism occupied

third place among the export industries. In Austria it accounted for 3.4 per cent of the gross national product and was higher in value than the main export commodities. If one considers the number of visitors to these countries it is easy to account for their large earnings. France had 4,070,000 visitors in 1958, Spain 2,800,000 and the United Kingdom 1,258,000.

Tourism is of great importance for international goodwill and mutual appreciation of the different ways of living and cultures. As such it can counteract some of the tensions, suspicions and ill-feeling among nations due to ignorance. But the economic reality of tourism appeals especially to finance ministers budgeting for economic development. India, Indonesia, Cambodia and Thailand, as well as other Asian countries are planning to develop tourism considerably in their respective countries.

The factors which will govern the future development of tourism are certainly more economic than humanitarian. In the case of Asia the decisive factor is of course one of income while Western travellers to Asia are bound by considerations of fame. In this respect long distances and high fares make it prohibitive for most Western tourists to go to Asia. Another factor of importance is the transport facility in the country itself. Not only good transport is required to reach the destination but also a well organised, comfortable and cheap system of transport within the country. One can hardly expect tourists to be martyrs for the cause of, say, Indian development plans. Air-conditioned coaches and fabulously expensive cruises suit only a minority.

Of vital importance in this respect is the provision for food and accommodation. While many Asian countries are trying to build modern hotels and rest houses, there is on the whole, an acute shortage of proper accommodation, and what is available is not always clean and reasonably priced. Food is another problem. While one may expect visitors to taste local delicacies on occasions, or even rise to the lure of innocent looking fiery curry, it is wrong to expect them to take to it or even live on such an exclusive diet for the whole duration of their stay. What is even more discouraging is the fabulous prices sometimes charged for ordinary dishes.

The problem of immigration control is also of great importance in the development of tourism. Some countries have let bureaucracy run rampant. Currency restrictions, long and expensive procedures for obtaining visas and similar obnoxious procedures can dry up the stream of tourists in no time. Some immigration authorities seem to think that tourists have no other business but to spend their time in filling up long and complicated forms of

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some sort or other. A minimum of travel restrictions has to be applied to entice tourists.

What attracts visitors to a particular place or country is a more difficult problem. Some may go in search of a common cultural heritage, to survey a new culture, to ponder over the ruins of past civilisations. These are the type who will make a beeline to Angkor and Agra, while others will exult in the splendours of nature. There are other categories too, among them those who want to swim in fashion, swarm round the cafés and night-clubs and bloom during the night while spending the rest of the day in bad-tempered retreat. Still others will vanish into the countryside, listening to folklore and being content. The restless and the bored will be inclined to vent their initiation on the host country. However, all these people have to be kept in good humour and health, and their different interests catered for if any country wants to make a success of tourism.

The way Asian countries are tackling the problem depends mainly on the state of their administration and political conditions. India and Japan have been the most successful so far in attracting tourists and encouraging activities designed to cater for them. It has proved to be a good investment in promoting minor local industries and trades to meet this particular type of demand. Indian and Burmese toy-makers and other craftsmen have done well out of selling their ware to tourists as souvenirs. Other countries have had less success. In Ceylon, the programme is considered to be a failure due to administrative bungling and political instability. Some countries have not the trained staff of resources to deal with the problem at all. In such cases outside help is being sought to organise the tourist trade. In many cases this involves capital investment in building hotels, roads, etc.

A matter which will have to be given closer attention is the provision for suitable guides and information services. The prevailing tendency is to appoint society girls to information centres. They certainly look very attractive in most cases but their own information is hazy and inadequate. It will save tourists a great deal of trouble if instead of fashionable hostesses, well-informed and trained information officers were attached to all information centres. The quality of information available and the way it is passed on also needs to be looked into.

It has been mooted recently that a training centre on a regional basis should be established for tourist office personnel. In itself it is an excellent idea but care must be taken not to produce a uniform type of Tourism man who may smother all initiative and individuality from the business of touring a country. Care and comfort can be overdone. After all the attractions of travel include a feeling of facing unknown risks and a journey totally devoid of adventure will be a dull journey.

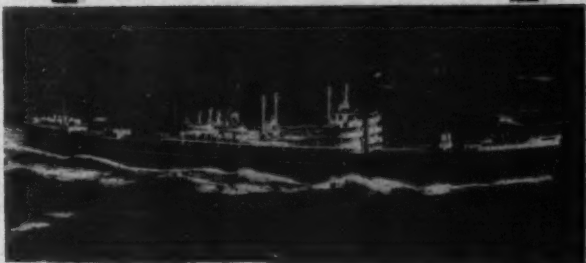
Tourism in Asia will be greatly increased when the Asian Highway project linking Turkey to Indonesia is completed. At present many borders are accessible only by sea or air, thus creating a barrier to the development of travel in Asia. But to meet the varied needs of tourism a concerted and sustained effort of all Asian countries is badly needed.

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INDUSTRIAL AND COMMERCIAL NOTES

INDIA'S NEW MACHINE TOOL FACTORY

A national tool factory is to be set up in the Punjab (public sector) with a production capacity of 1,000 tools annually.

It will be one of two projects which the Central Government has asked the Hindustan Machine Tools Factory at Bangalore to set up. Capital cost of the new factory is estimated at £3.75 to £5.25 million and its annual output £3 million.

An agreement has been signed with an East German firm for technical collaboration for the project. A delegation of H.M.T. has signed another agreement with a French firm for technical collaboration in the manufacture of special-purpose machines.

When the plant is set up, half of India's needs will be met by production within the country.

JAPAN TO IMPORT 1,000 CARS

For the first time since the War the Japanese authorities have decided to allocate foreign exchange for the import of cars for the general public use. The amount of foreign exchange to be allocated is US \$2.2 million, including US \$1.2 million for the purchase of about 450 large cars, and US \$1 million for about 500-600 small cars. It will be possible to import cars from the United States, Britain, West Germany, France, Italy, Australia, Czechoslovakia, and Sweden.

NEW SPINNING MILL OPENED IN CEYLON

The Prime Minister, Mrs. Sirimavo Bandaranaike, recently opened the Spinning Mill of the National Textile Corporation at Veyangoda.

About three-quarters of the yarn requirements of the country will be produced at this mill when all the stages of the project are completed. One million pounds of yarn and about ten million yards of cloth will be produced there and it will provide employment for about 1,000 persons.

NEW TYPES OF PRECISION MEASURING INSTRUMENTS PRODUCED IN CHINA

Eight new types of high precision measuring instruments, used in the machine tool industry, have just been produced in China. They include a horizontal optical comparator, an induction comparator, a pneumatic measuring instrument and a vertical length meter.

The Harbin Measuring and Cutting Tools Plant which has manufactured 418 measuring instruments of the eight new types this year is one of the biggest of its

kind in China. It went into operation in 1955.

BIG FERTILISER PLANT TO BE SET UP IN INDONESIA

Indonesia has submitted to the Japanese Industrial Association a plan for setting up an artificial fertiliser factory, with an annual capacity of 50,000 tons of phosphate. Later on the plant will be expanded to produce 160,000 tons of fertilisers annually. The first stage of construction will cost about 1,000 million yen (\$2.8 million), financed with Japanese credits.

At present Indonesia is importing 800,000 tons of artificial fertiliser each year.

INDIA-AUSTRALIA TRADE RELATIONS

The Government of India has decided to participate in the 1961 Sydney Trade Fair held this month (August 1-12). One of the main considerations for this participation has been the fact that though Australia happens to be a well-established and traditional market for Indian goods, there has recently been a gradual shrinkage of India's exports to Australia. It has been strongly felt by a number of Trade Delegations which have visited Australia recently that insufficient publicity of India's products has been mainly responsible for the growing lack of awareness on the part of the Australian importers about what India can offer at competitive prices. India's participation in the Sydney Trade Fair has, therefore, been planned and organised to give an intensive and extensive visual, and commercial publicity to India's fast developing export potential, in order to maintain and strengthen interest in India's existing lines of trade and to create demand for the products of India's new industries.

JAPANESE MOTOR-CYCLE INDUSTRY

Japan's 90 million population is being put on wheels and the country's motor cycle industry, non-existent at the end of the war, now consists of more than a dozen thriving firms who last year turned out 270,000 motor-cycles and scooters. Britain's comparative figure was 160,300.

SOVIET AID FOR INDIA OIL REFINERY

The Soviet Union is to provide equipment and technical assistance to build India's first state-owned oil refinery, under an agreement signed in Delhi recently. The refinery, at Barauni, in Bihar state, is planned to process two million tons of crude oil a year from the neighbouring state of Assam.

LOAN FOR INDIAN ROAD DEVELOPMENT

The International Development Association (IDA), an affiliate of the World Bank, recently extended a development credit amounting to the equivalent of \$60 million to India for highway development. The credit will finance half the amount which will be spent on the National Highways during the first three and a half years of the Third Five-Year Plan which began April 1, 1961. The funds will be used mainly for the construction of about 660 miles of highways, including 19 major bridges, which will open up some of the less developed parts of India, improve connections between important agricultural and industrial centres, and relieve traffic congestion in the vicinities of the two principal cities and ports, Calcutta and Bombay.

This credit constitutes part of the funds which will be provided by IDA to help meet the external financial requirements of the Third Five-Year Plan. It is for a term of 50 years, interest-free. It is repayable in foreign exchange, amortization to begin after a 10-year period of grace. Thus, the first payment will be due August 15, 1971. Thereafter, 1 per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for each of the final 30 years.

INDONESIAN OCEAN HARBOUR TO BE BUILT

Contracts have been signed for the building of a harbour for ocean-going ships at Bandjarmasin (South Kalimantan) and an oil terminal at Tandjung Priok, the port of Djakarta.

The construction work at Bandjarmasin which will be done by the French firm CITRA (Compagnie Industrielle de Travaux), involves building a pier and godown, dredging the harbour, and laying crane-tracks and pathways on the quay. The same company recently completed Samudra Pura ocean-liner quay at Tandjung Priok.

NEW PROJECTS FOR INDONESIA

A paper mill is to be built by an Italian construction company at Isak, Central Atjeh.

A sugar mill is also to be constructed at Tjot Girek in North Atjeh. Research has shown that the soil there is very fertile and 25 hectares have already been planted with sugar cane shipped from Java. Eventually 2,000 hectares will be planted. The machinery for the mill has been ordered from Japan.

SOVIET IMPORTS FROM JAPAN

Soviet enterprises have placed orders in Japan for pulp and paper mills, refrigeration plants, big tankers and dry cargo vessels and for textile machinery.

The total value of the orders is about \$100 million.

